

Message Text

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ACTION ARA-10

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TAGS: EEWT, ENRG, UR, US, TD
SUBJECT: REPORTED FERTILIZER AGREEMENT BETWEEN OCCIDENTAL
PETROLEUM AND USSR

1. DURING COURSE OF ANNUAL BUDGET SPEECH BY PRIME MINISTER
AND MINISTER OF FINANCE ERIC WILLIAMS ON DECEMBER 10
(REPORTED SEPTTEL) WILLIAMS SAID AGREEMENT JUST ANNOUNCED
BETWEEN USSR AND OCCIDENTAL PETROLEUM TO SUPPLY AMMONIA TO
OCCIDENTAL FOR THREE YEARS 1978-80 AT PRICES "WELL ABOVE
PRESENT DEPRESSED PRICES ON US GOLD COAST".

2. BASED ON THIS NEWS, WILLIAMS RAISED FOLLOWING ISSUES

(A) GOTT WILL HAVE TO RETHINK PRICE ARTICULATED ON
JOINT VENTURE FERTILIZER PROJECT WITH AMCO;
(B) IF DEVELOPING COUNTRY STRUGGLING AGAINST TRANSNATIONAL
CORPORATIONS OF COUNTRY WHICH HAS SENT MEN TO MOON HAS TO
COPE ALSO WITH SOCIALIST ECONOMY NOT NORMALLY CONCERNED WITH
FEASIBILITY STUDIES AND RATES OF RETURN, WHAT CHANCE DOES IT
HAVE AGAINST DETENTE OF THIS ORDER?
(C) WHAT ARE PROSPECTS FOR NEW INTERNATIONAL ECONOMIC
ORDER IN SUCH SITUATION? WILLIAMS SAID HE ENCOUNTERED
GREAT HOSTILITY IN USA AND USSR TO GOTT'S PLANS FOR ENERGY
INDUSTRIES.

(D) FERTILIZER TODAY, WHAT ABOUT TOMORROW? ALUMINUM?
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PETROCHEMICALS? STEEL?

3. EMBASSY NOT INFORMED ON NATURE AND CONTENT OF AGREEMENT BETWEEN USSR AND OCCIDENTAL. WE WOULD APPRECIATE KNOWING IN PARTICULAR

(A) PRICE TERMS AGREED TO, AND IMPLICATIONS FOR MARKET PRICES FOR AMMONIA FOR OTHER EXPORTERS;

(B) WHETHER IT IS CONTEMPLATED THAT ALL OR MOST OF PURCHASES UNDER THE AGREEMENT WILL BE EXPORTED TO US;

(C) VOLUMES SPECIFIED IN AGREEMENT, AND RELATIONSHIP OF SHIPMENTS TO US TO TOTAL IMPORTS AND CONSUMPTION OF AMMONIA;

(D) WHETHER ANY OTHER PETROLEUM PRODUCTS ARE INCLUDED IN REPORTED AGREEMENT.

5. WHILE THIS ATTACK MAY BE AIMED, AT LEAST IN PART, AT OBTAINING BETTER PRICE TERMS FROM AMOCO IN ITS JOINT VENTURE WITH GOTT, EMBASSY IS CONCERNED AT IMPRESSION LEFT BY SPEECH THAT ECONOMIC GIANTS ARE CONSPIRING TO CONTROL MARKETS TO DETRIMENT OF SMALL COUNTRIES LIKE TRINIDAD AND TOBAGO. ANY INFORMATION DEPARTMENT CAN PROVIDE TO CORRECT THIS IMPRESSION WILL BE APPRECIATED. IN PARTICULAR, WE WOULD WELCOME UNCLASSIFIED REPORT WHICH CAN BE RELEASED TO LOCAL PRESS, AS WELL AS BACKGROUND INFORMATION WHICH CAN BE PASSED TO APPROPRIATE GOVERNMENT OFFICIALS.
FAY

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